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1. Up to February 1948 there were 21 private firms and two cooperatives engaged in the business of importing and exporting fruits and vegetables in Bohemia and Moravia. These firms were all called "Import-Export" with the addition of the following names: Prago-Fruct, Bananas, Minarik, Snajdr, Pucnik, Kucera, Narozny a Dostal, Kadlec, Geiger, Horesovsky, Horacek, Nestecky, Vojtech, Holecek, Vala a Beck, Walter, Dovospol, Ertl, Colonia, Bartusek, Kolasinsky. The two cooperatives were VDP (Velkodruzstevni podnik) and Koospol. In March 1948 the Ministry of Foreign Trade issued foreign trade licenses to only 10 of the above firms: Prag-Fruct, Bananas, Minarik, Snajdr, Pucnik, Kucera, Vojtech, Holecek, Vala a Beck, and VDP. The other 13 ceased to do business, and state administrators carried out the liquidation of them. After 1 July 1948 the Ministry of Foreign Trade issued a license to only one of the firms, Prago-Fruct. The remaining nine carried out their own liquidation. None of these nine firms turned over its assets or properties to Prago-Fruct. All of them continued to have expenditures but no income, and they continued using their facilities for a period of several years. Some of them have not been completely liquidated yet.

2. In 1948 the Ministry of Foreign Trade began the creation of state monopolies for foreign trade. These monopolies started business as of 1 January 1949, but did not take over any of the old firms as such. Organization of the state foreign-trade monopolies was worked out by Evzen Loebl and Rudolf Margolius of the Ministry of Foreign Trade. One such new state foreign-trade monopoly was the new Koospol. Koospol was formed to handle the import and export of all foodstuffs for Czechoslovakia and was organized into several divisions, according to the particular item of foodstuff. The Ministry of Foreign Trade appointed Rudolf Smejkal[1] to head it. The new Koospol took over some of the personnel that previously worked for the private firms. The following is a table of personnel taken over by the new Koospol in its Fruits & Vegetables Division:

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STATE	#	X	NAVY	#	X	NSRB		DISTRIBUTION							
ARMY	#	X	AIR	#	X	FBI									

Firm	Number employed by private firm	Number hired by Koospol
Prago-Fruct	60	47
Bananas	40	5
Minarik	25	3
Snajdr	20	6
Pucnik	10	1 (Pucnik himself)

All the rest of the employees of these and the other private firms were dismissed. Koospol also expropriated some of the property of these firms, but only that property that was in good condition. The remaining property was left to be disposed of by liquidation commissions, who used it or disposed of it in any manner they saw fit; in no case returning anything to the original owners. [redacted] the 25X1 expropriation of select property and personnel by the new Koospol was about the same as for other branches of foreign trade. Koospol was reorganized on 1 Jan 51 and again on 1 Jan 52. During the latter reorganization, the firm Chmel a Slad (Hops and Malt) was incorporated into Koospol.

3. In 1949, there were 420 employees working in Koospol. Of this number 25X1 120 were registered Communists and 300 were not. In 1951 [redacted] 25X1 [redacted] Koospol employed 450 people, 200 of whom were registered Party members, 50 were candidates for membership, and 200 non-Party members. 25X1 During the period from 1949 to 1952 [redacted] all heads of state monopolies were either jailed or dismissed. Directors within Koospol were often changed. 25X1 [redacted] all former private businessmen were dismissed from the state monopoly companies. In the Fruits & Vegetables Division, Frantisek Vavra, a CP member since 1945 and former owner of Prago-Fruct, 25X1 25X1 25X1 Eng. Alois Pucnik [redacted] were [redacted] dismissed on the same grounds. [redacted] functions and responsibilities were taken over by [redacted] 25X1 subordinates. All the departments within Koospol suffered the same losses in personnel through this policy, but minor officials within Koospol were not affected by it.

4. Each foreign trade monopoly company maintained its own financial accounting at the State Bank (Narodni Banka), where its records were also audited. Each trade commodity was checked at the bank according to import and export licenses. Because of this procedure, state monopolies did not know their exact financial status. This was known only by the State Bank. Koospol and all other state monopolies received a 1½ per cent rate on the total turnover of their accounts. This was an established flat rate paid to the state monopolies regardless of the firm's profit or loss. This is an indication that the basic rule governing foreign trade policies under the Communist Regime in Czechoslovakia is that profits or gains from foreign trade agreements and transactions are not important. What is important is that the plan be fulfilled. This trade policy was established by Evzen Loebl and put into practice largely under his guidance and jurisdiction. The losses sustained by the various state monopoly companies were made up by the State Bank, which means that in the end they were met by heavy taxation of the people.

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5. [redacted]

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(a) [redacted]

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25X1 (b) [redacted]

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6. At the time of assumption of power by the Communists in 1948, the living standard of the ordinary workman in Czechoslovakia was at least three times better than his counterpart in Bulgaria or Rumania. The top-level economic planners in Czechoslovakia have had and are having a difficult time trying to bring down the standard of living of the Czechs to a level comparable to that of the Bulgarians and Rumanians. However, efforts in this direction are being carried out. An example of this can be related in the case of the import of fresh raisins from Bulgaria into Czechoslovakia. The planned import of raisins from Bulgaria for 1949 amounted to 10 thousand tons, and for 1950 12 thousand tons. The Bulgarians asked 9.50 crowns per kg for the raisins at the Bulgarian-Rumanian border. A Bulgarian commission, consisting of about five men arrived from Sofia and demanded [redacted] the 9.50 crowns. [redacted] the established world price was 5.50 crowns per kg. A disagreement arose, and the matter was [redacted] then taken up to Director Smejkal. [redacted] These prices were always based on prices paid the year before. Having been confronted with this data, Smejkal also said that he could not approve the Bulgarians' price of 9.50, and referred the matter to higher authorities. The case was taken up with the Ministry of Foreign Trade. [redacted]

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25X1 [redacted] Minister Gregor was not in at the time, and his deputy, Vice Minister Dvorak, said that he could not possibly rule on the matter in Gregor's absence. At this, the matter was allowed to ride along for some time, during which raisins kept coming into Czechoslovakia until the 10 thousand tons were delivered. It was late Autumn 1949 when the Bulgarians brought up the case again to Minister Gregor. Gregor also refused to approve the price, saying that this was a case for high-level political decision. The matter then came up before the Supreme Economic Council in Moscow, and when Gregor visited Moscow in March 1950, he was directed to pay the Bulgarians their asking price of 9.50, which has since remained the established price. Thus, in 1949, Czechoslovakia paid Bulgaria 38 million more crowns than the world market required, and in 1950 39 million. This made a total overpayment of 77 million crowns for the two years. The result is a drastic lowering of the standard of living of the entire population. During the same two years, Czechoslovakia paid Rumania 7.50 and Hungary 6.50 per kg for raisins.

7. 25X1 [redacted] names of officials at Koospol: The head of Koospol was Paula (fnu), who assumed the post in November 1951 after Smejkal was relieved. Paula comes from the workers' cadre, and came to Koospol from the firm Chmel a Slad. Head of the cadre department was Rys (fnu). The head of the commercial department was Macura (fnu). Josef Maly, coming from the workers' cadre of the former Prago-Fruct warehouse, heads the department which imports and exports all herbs. Eckstein (fnu) is in charge of the Fruits & Vegetables Division. He also came to Koospol from the firm Chmel a Slad and knows nothing about the business. In charge of exporting all fruits is Karel Kratky.

25X1 [redacted]